

COUNTY OF HENRICO, VIRGINIA
PETTY CASH FUND POLICIES AND PROCEDURES



Approved by the County Manager
And Effective August 1, 2007
(Updated January 1, 2012)

PETTY CASH FUNDS

Purpose: The availability of petty cash funds in departments is a privilege granted for increased efficiency of operations. A petty cash fund is to be used for minor, non-recurring types of expenditures when payment is required immediately for an authorized purpose. When expenditures occur on a regular basis and payment is not required to be immediate, the payment should be made through the normal procurement and accounts payable process. The normal procurement and accounts payable process should be used whenever possible and should be the preferred method of payment. Adherence to all of the provisions in this policy is mandatory to maintain strong internal control over petty cash funds and to ensure that a fund is not abused. Noncompliance with these policies and procedures or abuse of any petty cash fund may result in termination of the petty cash fund. These policies set forth the guidelines for the establishment, use, and security of petty cash funds on a countywide basis.

Establishment: In accordance with Section 15.2-1229 of the Code of Virginia, the Board of Supervisors has established petty cash funds that will be administered by the County Manager. Funds from the County Manager Petty Cash Funds will be allocated for use by specific departments upon approval by the County Manager of a request submitted by a department. A department or agency may request a new petty cash fund or a change to an existing petty cash fund by submitting a **Petty Cash Fund Request** (Exhibit 1) to the Director of Finance. The form must contain a justification for the request, the amount being requested, the procedures that will be used to safeguard the funds, and the name of the person that will be custodian of the petty cash fund. The Department Head must sign the Petty Cash Fund Request. The Director of Finance must review and recommend the request before submitting it to the County Manager for approval.

Once the County Manager approves a request, the following occurs in the Department of Finance:

1. The Accounting Division will determine which County Manager Petty Cash Fund the new departmental petty cash fund will be allocated from and will establish a standard customer in Oracle accounts receivable for the departmental petty cash fund.
2. The Accounting Division will forward a copy of these procedures to the requesting department or agency with a copy of the petty cash fund approval. An **Authorized Signature Sheet** (Exhibit 2) will also be sent for completion.
3. Upon receipt of the completed Authorized Signature Sheet, the Accounting Division will establish a supplier number for the custodian, if needed. For pre-existing supplier numbers, a site name of petty cash custodian is established. The check will be issued to the custodian for the approved amount using the supplier number and the site name created for the petty cash custodian.
4. The check will be forwarded to the custodian with a **Petty Cash Receipt** (Exhibit 3). The custodian and Department Head will sign the Petty Cash Receipt to acknowledge receipt of the check and the establishment of the fund and return the signed form to the Accounting Division.

In accordance with Section 22.1-123 of the Code of Virginia, petty cash funds established for schools must be approved by the School Board. The Accounting Division will establish a

Schools petty cash fund upon receipt of the School Board resolution authorizing the establishment of that petty cash fund and approval of the Director of Finance. No individual petty cash fund established by the School Board can exceed the limit set forth in that code section. Schools must designate a custodian for each petty cash fund established.

Petty Cash Fund Custodian: Each petty cash fund will have one person named as its custodian. The custodian assumes the full responsibility for the security and records of the fund in his care. The fund custodian is the only person authorized to disburse monies from a petty cash fund. The petty cash fund custodian and the Department Head will acknowledge receipt of the initial petty cash fund and any authorized increases by signing a **Petty Cash Fund Receipt** (Exhibit 3) and forwarding it to the Accounting Division. The petty cash custodian will also acknowledge receipt of subsequent replenishments utilizing the petty cash fund receipt. It will be the responsibility of the custodian to cash the check and deposit the cash into the petty cash fund. If a department changes the custodian, the new custodian should verify that the amount of cash and receipts agrees to the approved amount in the presence of the old custodian. The new custodian should forward a Petty Cash Fund Receipt along with a new Authorized Signature Sheet to the Accounting Division indicating they have verified and received the funds and records. The Department Head should also sign any Petty Cash Fund Receipt and Authorized Signature Sheet before forwarding it to the Accounting Division. If the fund custodian is not available for any reason, then the Department Head may appoint an alternate custodian to make the disbursements for a period no greater than one week.

Bonding: Each fund custodian is covered under the County's Faithful Performance Position Coverage Bond. Coverage under that bond meets the minimum requirements set forth by Virginia Code Section 15.2-1229 for County employees and Section 22.1-123 for School Board employees.

Supplier Site Name: A petty cash site name will be established for the custodian's supplier number in Oracle Accounts Payable when the Authorized Signature Sheet is received by the Accounting Division. The petty cash site name should be used for all checks issued to the custodian for deposit to the petty cash fund so the Internal Revenue Service does not consider the amounts received by the employee as income.

Use of Funds: The use of petty cash funds is limited to normal business purposes including the purchase of small generally non-recurring items or small items where a check will not be accepted. Petty cash funds may also be used to reimburse employees for parking and tolls related to the operation of a County owned vehicle. A petty cash fund is not to be used to make change resulting from business transactions or to make change for employees. **The maximum purchase allowable from petty cash is \$75.00.** Petty cash funds should not be used for the following:

- A depository for revenues collected
- Cashing checks
- Making loans to an employee for any reason
- Making travel advances or reimbursements for travel expenses except for the reimbursement of parking and tolls related to the use of a County owned vehicle
- Making purchases of supplies that are available from the clerical storeroom

Receiving Funds: Petty cash purchases can be made in two ways: first by providing the employee with funds in advance to make a purchase or second by reimbursing an employee if the

purchase was made from the employee's personal funds. In all instances, petty cash will only be provided to advance or reimburse an employee for authorized expenses.

Petty Cash Advances: Before cash will be advanced, a **Petty Cash Voucher** (Exhibit 4) must be prepared and approved. The custodian should fill in the amount, description, and date of the voucher. An authorized employee other than the petty cash custodian must approve the voucher. Once the voucher has been approved, the custodian may issue the employee the amount of cash indicated on the voucher. Both the custodian and the employee must sign the voucher when the advance is made. After the purchase is complete, the employee must sign the receipt for the purchase and return it to the custodian along with any unused cash. The custodian will attach the receipt to the voucher, noting the final amount of the purchase on the front of the voucher, and place any returned cash back in the fund. The custodian must insure that the amount of the receipt and the amount of cash returned agrees with the amount advanced on the voucher. The advance is the responsibility of the employee until the receipt(s) and any unused funds are turned over to the custodian.

Petty Cash Reimbursements: Before an employee can receive reimbursement for an authorized purchase, an approved Petty Cash Voucher must be completed and receipt(s) submitted. If the voucher is not approved, the cash should not be issued. If the voucher is approved, the employee and custodian must sign the voucher and the custodian issues the employee the approved amount of cash. The custodian will attach the receipt to the voucher.

Accounting for Petty Cash Funds: The custodian is responsible for maintaining accurate and complete records of all petty cash transactions, including advances, reimbursements, and replenishment of the fund. The **Petty Cash Fund Reconciliation Worksheet** (Exhibit 5) must be maintained by the custodian so the custodian will know the balance in the fund at any time. The total of the cash on hand and approved Petty Cash Vouchers at any point in time must equal the total amount approved for the petty cash fund.

Security for Funds: It is the responsibility of the custodian to insure that a petty cash fund is secured at all times. The petty cash fund should be kept in a locked cash box that is locked in a desk, file cabinet, or safe at night. The locked cash box should be kept out of sight during the day when not in use. All monies and documents must remain locked in the cash box when not in use, and should be handled only by the custodian.

Replenishing Funds: When a petty cash fund is 50% depleted, or as needed, it may be replenished by issuing a Direct Pay Invoice (DPI). The petty cash custodian should prepare a DPI for the amount of authorized petty cash vouchers in the cash box and attach the vouchers and any related receipts to the back of the DPI. The DPI should be made payable to the custodian of the fund and the check may be designated by the custodian for pickup at the Finance Department Accounting Division. The DPI must be signed by an authorized signer in the department and forwarded to the Accounting Division for a check to be issued. The custodian will take the check to the Treasury Division's Cashier's Section or bank to be cashed. The cash is placed in the cash box and the receipt of the cash is noted on the Petty Cash Fund Reconciliation Worksheet.

Verification of Funds: The custodian of a petty cash fund must count the fund on a regular basis to insure all of the cash and receipts are accounted for. Cash counts should be made on any day the fund is used and after replenishment cash has been deposited into the fund. Cash counts should be documented on the Petty Cash Fund Reconciliation Worksheet with the date the count was made and the results of the count. The supervisor of the custodian should make

unannounced petty cash counts in the presence of the custodian at least twice per year. These counts are in addition to the June 30th confirmation and should be documented on the **Petty Cash Fund Verification Form** (Exhibit 6) maintained by the custodian with the date the count was made, the results of the count, and the signature of both the custodian and supervisor. Overages and shortages noted during a cash count should be handled in accordance with the procedures outlined below, and the disposition of the difference should be noted as part of the documentation of the cash count.

Overages and Shortages: When cash counts are performed, cash may not equal the authorized petty cash fund amount. After considering any transactions processed through the petty cash fund, if the cash count differs from the authorized amount, the custodian's supervisor must be notified immediately and must count the fund. If the cash count differs by more than \$1.00, the Department Head must be notified immediately after the supervisor counts the fund. If a difference of \$5.00 occurs or differences amounting to greater than \$20.00 occur over a period of ten business days, the Director of Finance must be notified immediately by email. The documentation of the cash count should indicate when all required notifications were made. If the cash count amount is less than \$5.00 over the authorized petty cash fund amount and the source of the overage is not able to be determined, then a pay-in-voucher (PIV) should be prepared for the amount of the overage and taken to the Treasury Division Cashier. The overage should be coded to the Miscellaneous Revenue Account (0101-43202-14001-0000-00000-0000-00000-00000). If the cash count is short of the authorized petty cash fund amount by less than \$5.00 and the source of the shortage is not able to be determined, then a DPI should be prepared for the amount of the shortage and coded to a miscellaneous expense account for the department. The Department Head must sign the DPI. The Director of Finance will determine the appropriate handling of all reported differences of \$5.00 or more.

Theft or Fraud: Any department suspecting fraud, theft, or mishandling of petty cash funds by a custodian or other employee will notify the Director of Finance immediately by email. The Director of Finance will evaluate the situation and determine whether it is appropriate to notify the Henrico County Division of Police and the County's Director of Internal Audit.

Closing or Reducing a Petty Cash Fund: An Agency should complete a **Petty Cash Fund Request** form (Exhibit 1) when a determination is made to either reduce or close a petty cash fund. The custodian and the Department Head must sign the form. The fund must have been reconciled at the time it is turned in. The Accounting Division will prepare a Pay-In-Voucher (PIV) and process the cash and PIV through the Treasury Division Cashier. A copy of the PIV will be provided to the custodian as a receipt indicating the funds have been returned to the Accounting Division.

Miscellaneous: The petty cash custodian should maintain a copy of these policies and procedures for reference.

The Accounting Division of the Finance Department will maintain a list of all approved petty cash funds to include the department name, amount of the fund, the date the fund was established, and the custodian name. Every year for the annual audit, the Accounting Division will obtain an **Annual Petty Cash Fund Confirmation** (Exhibit 7) for each fund from the custodian. The confirmation will include a certification from the custodian and the Department Head that the funds have been audited and are all accounted for. At that time, the custodian and Department Head should review the amount of the petty cash fund and its use to determine if the fund should remain open.

In departments that maintain both petty cash funds and change funds, care must be taken not to commingle those funds. Commingling can lead to a loss of accountability in addition to creating false overages and shortages between the two funds.

Exceptions to this Policy: A Department Head may request an exception to this policy from the Director of Finance. Requests for exceptions should be made in writing with specific reasons stating why the exception is needed. The Director of Finance will approve or deny the exception and reply in writing to the Department Head. Written approvals for exceptions will be maintained by the custodian and the Accounting Division.



COUNTY OF HENRICO, VIRGINIA PETTY CASH FUND REQUEST

TO: Director of Finance

FROM:

DATE:

Request to:

- Approve a new Petty Cash Fund in the amount of:
The custodian of the fund will be:
- Approve an increase to a Petty Cash Fund to:
- Approve a decrease to a Petty Cash Fund to:
The funds will be surrendered to the Accounting Division.
- Close a Petty Cash Fund. The funds will be surrendered to the Department of Finance Accounting Division.

If you have more than one Petty Cash Fund and are requesting a change to an existing Petty Cash Fund, indicate which fund:

Provide justification for the request:

Describe how the funds will be safeguarded:

Department Head

Custodian

Recommended Denied

Director of Finance

Approved Denied

County Manager



**COUNTY OF HENRICO, VIRGINIA
PETTY CASH FUND
AUTHORIZED SIGNATURE SHEET**

Department:

Date:

Petty Cash Fund Location:

Custodian:

Custodian Signature

Custodian Supervisor:

Supervisor Signature

Department Head:

Department Head Signature

For Finance Department Use:

Petty Cash Vendor Number:

County Manager Petty Cash Fund:



**COUNTY OF HENRICO, VIRGINIA
PETTY CASH RECEIPT**

I, _____, custodian of the Petty Cash Fund for the
_____ Department, acknowledge the receipt of funds in the
amount of \$_____.

Custodian Signature: _____

Department Head Signature: _____

Date: _____

Type of Activity:

- Initial Petty Cash Fund Setup
- Replenish Petty Cash Fund
- Increase to Petty Cash Fund Amount
- Reimbursement of Petty Cash Fund Shortage
- Change of Custodian – Attach a Reconciliation of the Fund

Signature of Former Custodian: _____

Amount of Cash Received: \$_____

Amount of Receipts Received: \$_____

Return the Signed Form to the Department of Finance Accounting Division

**COUNTY OF HENRICO, VIRGINIA
PETTY CASH VOUCHER**

**PETTY CASH VOUCHER
COUNTY OF HENRICO, VIRGINIA**

Please pay the following amount from petty cash:

Oracle Account Code						Description - Staple Receipt on Back	Amount
Fund	Acct	CC	Function	Project	Location		
Total							

Prepared by _____ Date _____ Approved by _____ Date _____

Received from petty cash _____ dollars and _____ cents as described above.

Signature of Custodian _____ Date _____ Signature of Recipient _____ Date _____

**COUNTY OF HENRICO, VIRGINIA
 PETTY CASH FUND RECONCILIATION WORKSHEET**

**COUNTY OF HENRICO, VIRGINIA
 Petty Cash Fund Reconciliation Worksheet**

Authorized Petty Cash Amount

Department:

	Date	Recipient of Petty Cash	Purpose or Description	Oracle Account to be Charged	Amount Expended	Cash In (Replenish or Returned)	Cash Out (Advances or Expenditures)	Total Cash in Box	Cash Count (Initials)
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
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22									
23									
24									



COUNTY OF HENRICO VIRGINIA

INTER-OFFICE MEMORANDUM

TO: **SUBJECT: PETTY CASH FUNDS**

FROM: Clarence C. Daniel **DATE:**
Accounting Division Director

The *Petty Cash Fund Policies and Procedures* require the Accounting Division to perform a confirmation as part of the annual financial audit. As part of the confirmation process, the Custodian and Department Head are asked to certify that Petty Cash has been audited and all funds are accounted for.

According to our records, the following Fund is assigned to your Department:

AMOUNT	DESCRIPTION	CUSTODIAN
\$<<Amount>>	<<Description>>	<<Custodian>>

Please complete the attached **Petty Cash Annual Confirmation Form**. We are also requesting that a copy of the **Petty Cash Fund Verification Form**, which documents the performance of unannounced counts, be provided with the Confirmation. The forms should be forwarded to the Accounting Office within 15 days of the end of the fiscal year.

Thank you in advance for your assistance. Any questions should be directed to the Director of the Accounting Division.

A. Attachment

Petty Cash Fund Annual Confirmation and Certification Form

Instructions:

Please provide the information requested below. The completed form as well as a copy of the **Petty Cash Fund Verification Form** documenting the verification of the fund at the end of the fiscal year should be returned to Diana Vargas, Finance-Accounting within 15 days of the end of the fiscal year.

Compliance Questions:

(Please circle one below)

Do you have a copy of the written Petty Cash Fund Policies and Procedures? Available at: http://www.co.henrico.va.us/finance/petty.html	YES	NO
Are the Petty Cash Fund Policies and Procedures being fully complied with?	YES	NO
Do you have written departmental petty cash procedures in addition to the County's Petty Cash Fund Policies and Procedures?	YES	NO
The Custodian and Department Head have reviewed the amount of the fund and its use to determine if the fund should remain open or if the amount of the fund should be adjusted?	YES	NO

Petty Cash Verification: (<<Description>>, \$<<Amount>>)

Date	Cash on Hand	Receipts	Total (Cash + Receipts)

As custodian I certify the above amount in cash and receipts has been counted and verified.

Signature Of Custodian	Name & Title

Information is correct:

Incorrect:

Department Head Signature	Name & Title

Please provide an explanation for any differences between the Fund total at June 30, 20XX and the authorized balance. Also please note any planned changes to the fund based on the annual review of the fund amount and its use.